01923

1995/10/19

OCT 20 795 703: ZSPM CAFRIBEAU NICLASSIFIE

JOINT STAFF INFO SERVICE CENTER

13.00

.5 5 6 90

> ç ď

CLASSIFY as

- .-

Only:

Cases

3

DECLASSIFY DECLASSIFY

11

?

ړ

PAKT e Info

tion - Responsive

Subil

π S. v.c.

S

STATE

PO

DEPARTMENT

Citchons

ROUTINE R 1908017 CCT 95 FH AMENBASSY BEILING USECC YASHOC THEO ANCOUSUL SHENYANG 1345 ANCOUSUL HONG KONG 5775 IEN/AMOCHSUL CHENGOU

2YUW RUEHBJA4485 2920801

SECSTATE VASHDC 4960 ANCONSUL SHAMBHAI 7560 AMCONSUL GUARGIHOU 8872

UNCLAS SECTION OF OF DE BEIDING 044465

DEPT PASS USTR FOR DWOSKIN/KLEIN. SANDS/LEHR

DEPT ALSO PASS HEC FOR BOWMAN CUTTER

USDCC FOR ACTING U/S ROTHXOPF

Caroldykasylasivosty Ros Calk Soden

USCOC ALSO FOR 5130/ITA/IA/OP/AHSU

5.C. 12355; W/A

TAGS: 385R. STIC, ECON, ETRO, SEXP, EINV, CH SUBJECT: JCCT'S BUSINESS DEVELOPMENT AND INDUSTRIAL COOPERATION PLEMARY SESSIONS OCTOBER LY

- SUMMARY: U.S. AND CHINA CO-CHAIRS OF THE JECT BUSINESS DEVELOPMENT AND INCUSTRIAL COOPERATION (BDIC) WORKING GROUP PLENARY SESSICH EXPRESSED SATISFACTION WITH THE CONTINUED SUCCESS OF THE BDIC IN PROMOTING BILATERAL ECONOTIC COOPERATION. FUTURE AREAS OF COOPERATION WERE OUTLINED BY SUBGROUPS. THE CHINESE URGED GREATER RELAXATION OF U.S. EXPORT CONTROLS ON HIGH TECHNOLOGY EQUIPMENT GALES. END SUMMARY.
- I. LIU HU. DIRECTOR GENERAL OF THE SCIENCE AND
 TECHNOLOGY OFFICE OF CHINA'S MINISTRY OF FOREIGN TRADE
 AND ECONOMIC COOPERATION (MOFTEC), OPENED THE MEETING BY
 REVIEWING DEVELOPMENTS IN THE BDIC WORKING GROUP SINCE
 THE 5TH PLENARY SESSION OF THE JCCT WAS HELD IN APRIL
 1994. SEVERAL SUBGROUPS HAD BEEN REORGANIZED TO MORE
 ACCURATELY REFLECT THE DIVISION OF ADMINISTRATIVE
 RESPONSIBILITY IN CHINESE MINISTRACES. SOME SUBGROUPS HAD
 DISCUSSED SPECIFIC BUSINESS CONTRACTS WHILE OTHERS HAD
 HELD SEMINARS TO PROMOTE INDUSTRIAL COOPERATION. LIU
 EXPRESSED THE CHINESE DESIRE TO MOVE FOR REASONS OF
 CONVENIENCE THE SUBGROUP ON SERVICES TO THE INVESTMENT
 PROMOTION WORKING GROUP. THREE NEW
 SUBGROUPS—TELECOMMUNICATIONS, PHARMACEUTICALS. SUBGROUPS--TELECOMMUNICATIONS, PHARMACEUTICALS, ENVIRONMENT -- WERE ADDED TO THE BOIC WORKING GROUP.

JOINT STAFF VI ACTION (0) CMAS(1) 35(1) 35AMS(1) -USCINCTRANS INTEL CEN SCOTT AFB IL//32-3// +CDR 4TH PSYCP G2//ACC2-POG-58// SECDEE AS $\{U,5\}$ CHAIRS(1) SECOSF-C(1; JSDAT: AM(1)
DIR: PAE-EPF(1) CASO: CSI-TNT(1) USCP: 4P(Z) USDP: OSAA(1) USCP: MA(1) -CBIANS WASHINGTON CO +USDP:DTSA IN AID ACTION (0.5.7) -CSAF WASHINGTON IC -JICPAC HONOLULU -I -NAIC WRIGHT PATTERSON AFB OH/YOXLA// -MARCORINTACT DET QUANTICO VA -SAFE DINC/SYC CHE VS (U)

3. LIU COMMENTED THAT THE JCCT SERVED AN ACTIVE AND IMPORTANT ROLE IN PROMOTING U.S.-CHINA COOPERATION. HE SAID THAT HE HOPED THAT THE UNITED STATES WOULD TAKE CONGRETE ACTION TO ENCOURAGE BILATERAL INDUSTRIAL COOPERATION. CHINA. AS A DEVELOPING COUNTRY, HOPES TO ATTRACT FOREIGH FUNDS. IT HAS GREAT MARKET POTENTIAL AND LOW LABOR COSTS. LIU STRESSED THAT ORLY WHEN BOTH THE UNITED STATES AND CHIMA BENEFIT FROM TRADE AND INVESTMENT WILL INDUSTRIAL COOPERATION DEVELOP SMOOTHLY.

- 4. LIU STATED THAT ALTHOUGH THE BDIC WORKING GROUP HAD ACHIEVED GREAT PROGRESS DURING THE LAST YEAR, SOME PROBLEMS STILL REMAINED. AND SOME COOPERATIVE ACTIVITIES HAD BEEN POSTPONED. HE RECOMMENDED THAT THE UNITED STATES AND CHINA FURTHER DEVELOP INDUSTRIAL COOPERATION THROUGH: PRONOTING MUTUAL INVESTMENT, TECHNOLOGY TRANSFER, RESEARCH IN LAWS AND MARKET RESULATIONS, AND TECHNOLOGY TRAINING. HE SAID THAT REPRESENTATIVES FROM DIFFERENT U.S. INDUSTRIAL SECTORS AND ENTERPRISES SHOULD LAUNCH TRADE PROMOTIONAL EVENTS. LIU URGED THE UNITED STATES TO ADOPT A "REALISTIC ATTITUDE" IN ITS RELATIONS WITH CHINA, ENCOURAGE TECHNOLOGY TRANSFER, AND HELAX EXPORT CONTROLS.
- U.S. DEPARTMENT OF COMMERCE ASSISTANT SECRETARY FOR TRADE DEVELOPMENT RAY VICKERY REPLIED THAT THE BUIC TRADE DEVELOPMENT RAY VICKERY REPLIED THAT THE BDIC WORKING GROUP HAD ESTABLISHED A STRONG FOUNDATION FOR CONTINUED INDUSTRIAL COOPERATION BETWEEN THE UNITED STATES AND CHINA. DURING A DIFFICULT TIME IN THE U.S.—CHINA RELATIONSHIP, THE BOIC WORKING GROUP HAD MADE TREMENDOUS ACHIEVEMENTS OVER THE COURSE OF THE LAST YEAR. THE BOIC WORKING GROUP HAD SUCCESSFULLY PROMOTED COMMERCIAL ENGAGEMENT BETWEEN THE UNITED STATED AND CHINA. BDIC SUBGROUPS HAD CARRIED OUT IS TRADE EVENTS DURING THE YEAR. AND 42 ARE CURRENTLY SCHEDULED DURING THE RENAMEDER OF 1995 AND 1995.
- B. VICKERY STRESSED THAT IT WAS IMPORTANT TO RECOGNIZE THAT HUNDREDS OF PRIVATE TRADE ORGANIZATIONS AND BUSINESSES HAD PARTICIPATED IN. AND CONTRIBUTED TO THE SUCCESS OF THE BDIC SUBGROUPS. HE SAID THAT HE APPRECIATED CHIMA'S ACCEPTANCE OF FRIVATE SECTOR INVOLVEMENT IN THE BOIC WORKING GROUP. VICKERY CORMENTED HAT AS A PESULI OF EXTENSIVE U.S. -CHINESE COOPERATION. THE BOIC WORKING GROUP HAD ALREADY ACHIEVED A GREAT DEM AND SHOULD HAVE A BRIGHT FUTURE.

7. LIU AGREED THAT THERE HAS BEEN GREAT PROGRESS IN U.S.-CHINESE INDUSTRIAL COOPERATION, BUT COMMENTED THAT THERE IS MUCH STILL YET TO ACHIEVE. HE AGREED WITH THE SUGGESTION OF THE U.S. CO-CHAIR THAT SURVARY REPORTS OF SUBGROUP MEETINGS HELD ON COTOBER 17 BE PRESENTED, AND INSTRUCTED THE CHIMESE REPRESENTATIVE TO THE CHEMICALS SUBGROUP TO BEGIN THE DISCUSSION. FPC

UNCLAS SECTION OF OF CA BEIDING C44485

DEPT PASS USTR FOR DWOSKIN/KLEIN SAHDS/LEHR

DEPT ALSO PASS HEE FOR BOWMAN CUTTER

USDDC FOR ACTING U/S ROTHKOPF

USDOC ALSO FOR 4420/IEP/EAP/CEA/DEOREST

USDOC MUBD FOR BIBD/ITA/IA/OP/AHSU

1 0 12355: 4/A 1465. 385P 3 FIGS. 38SP 3FID. ECON STRO. DERP SINV CH SUBCECT: DCCT'S BUSINESS DEVELOPMENT AND INDUSTRIAL ICODERATION FLENARY SESSIONS COTOBER 17

THEMICALS SUBGROUP

TOR*95292/081-7

TAD#98292/08***Z

COSNEMAKOT! SAGE

3080 1 DF

4CN-95232/03950

CO KOTOREMERAN AZOO-

-PTC JASH DC

I IRICI ACCIDIDI

1

UNCLASSIFIED

JOINT STAFF
INFO SERVICE CENTER

- 8. WU DESHENG. VICE DIPECTOR OF THE CHINESE MINISTRY OF CHEMICAL INDUSTRY'S DEPARTMENT OF INTERNATIONAL COOPERATION, SAID THAT CHINESE AND UPS. REPRESENTATIVES OF THE BOIC CHEMICALS SUBGROUP HAD AGREED TO A WORK PROGRAM FOR 1998. HE INDICATED THAT THE TWO SIDES AGREED TO COOPERATE ON TRADE PROMOTION ACTIVITIES. IT HAS BEEN TO COOPERATE ON TRADE PROMOTION ACTIVITIES. IT HAS BEEN AGREED THAT THE U.S. WILL SEND TWO DELEGATIONS TO CHINA, AND THAT THE CHINESE WILL ALSO SEND DELEGATIONS TO THE UNITED STATES IF TIME PERMITS. WITH REGARD TO A CHEMICALS SUBGROUP-SPONSORED TRAINING PROJECT, IT HAS BEEN AGREED THAT THERE MAY BE COOPERATION IN A COMPOSITE FERTILISER PROGRAM. TWO REMAINING PROBLEMS WHICH REMAIN INCLUDE: CONCERNS BY U.S. FIRMS ABOUT THE LEYEL OF DETAIL REQUIRED BY CHINA'S CHEMICAL REGISTRATION SYSTEM, AND THE QUESTION OF MARKET ACCESS AND EQUAL TREATMENT OF FORFTHE AND CHINESE FIRMS BY THE CHINESE GOVERNMENT. FORETER AND CHINESE FIRMS BY THE CHINESE GOVERNMENT.
- 9. MICHAEL COPPS. U.S. DEPARTMENT OF CONNERCE BEPUTY ASSISTANT SECRETARY FOR BASIC INDUSTRIES, AGREED WITH MU'S ASSESSMENT OF THE CHEMICALS SUBGROUP MEETING. HE ADDED THAT THE CHEMICALS SUBGROUP IS A PICHEERING SUBGROUP OF THE THE BOIL AND IS INDON FOR ITS AGGRESSIVE AND ENERGETIC AGENDA. HE THANKED THE CHINESE SIDE FOR DEPARTMENT TO THE BOYNAME FIBMET OF DEPARTMENT TO THE PERMITTING U.S. PRIVATE FIRMS TO PROVIDE INPUT TO THE SUBGROUP.

ELECTRONICS SUBGROUP

- 10. TONG BAGAN, DEPUTY DIRECTOR OF THE CHINESE MINISTRY OF ELECTRONICS. INTERNATIONAL AFFAIRS OFFICE, SAID THAT SIX OF THE 18 WORK PROJECTS SIGNED AT THE 8TH JCCT PLEMARY HAVE BEEN REALIZED OVER THE COURSE OF THE LAST YEAR. HE SAID THAT HE HOPED PROJECTS NO. 11 AND 12 CAN BE REALIZED BEFORE THE END OF 1998. HE COMMENTED THAT THE CHINESE WERE SATISFIED WITH THE PROGRESS OF THE ELECTRONICS SUBGROUP.
- 11. U.S. DEPARTMENT OF COMMERCE PRINCIPAL DEPUTY
 ASSISTANT SECRETARY ROBINSON ALSO PRAISED THE SUCCESS OF
 THE ELECTRONICS SUBGROUP. HE SAID THAT HE HOPED FOR EVEN
 GREATER SUCCESS DURING THE REMAINDER OF 1995 AND 1996.
 ROBINSON STATED THAT HE ALSO MOPED THAT THE AMBITIOUS
 SUBGROUP PLAN COULD BE SIGNED AT THE VEXT SUBGROUP HEETING.

-----**FLECTRIC POWER SUBGROUP**

12. DEPUTY DIRECTOR GENERAL LIU THAN OF THE CHINESE MIRISTRY OF ELECTRIC POWER SAID THAT THE ELECTRIC POWER SUBGROUP HAD AGREED TO PROMOTE BILATERAL COOPERATION IN ELECTRIC POWER CURING 1988. U.S. DEPARTMENT OF ENERGY DEPUTY ASSISTANT SECRETARY FOR POLICY, LESSIE HARRIS, STATED THAT THE UNITED STATES HAD AGREED TO SPONSOR A MUMBER OF TRADE PROMOTION EYENTS DURING 1998 AS WELL AS BUILD UPON EXISTING INITIATIVES. SHE INDICATED THAT COAL TECHNOLOGY AND TRANSMISSICH/OISTRIBUTION TRADE MISSICHS WILL BE HELD CURING THE FIRST HALF OF 1998, AND THAT A POUND-TABLE ON ELECTRIC POWER TRADE FINANCING WILL BE HELD IN SEPTEMBER 1898 HELD IN VASHINGTON IN SEPTEMBER 1998

ENVIRONMENTAL BUSSHOUP

13 THINA ENVIRONMENTAL PROTECTION BURERU ICIENCE DEPORTMENT DIRECTOR VIN BAI ICHNENTED THAT THE BOIC ENVIRONMENTAL SUBGROUP WAS ONLY OFFICIALLY SET UP ON DCTOBER 17, BUT HAD HAD A NUMBER OF ACHIEVEMENTS RUREADY DURING 1995, THE UNITED STATES AND THINA HAVE AGREED TO A

UNCLAS SECTION 03 OF 04 BEIJING 044465

DEPT PASS USTR FOR DWOSKIH/KLEIN, SANDS/LEHR

DEFT ALSO PASS HEC FOR BOWMAN CUTTER

USDOI FOR ACTING U/S FOTHXOPF

USDCC ALSO FOR 4470/159/EAP/CEA/OFOREST

USDOC ALSO FOR \$130/3TA/1A/OP/AHSU

E.C. 12358: N/A

TAGS: BBSR. BTIO. ECCN. ETRO, BEXP. EINV. CH SUBJECT: JCCT'S BUSINESS DEVELOPMENT AND INDUSTRIAL COOPERATION PLENARY SESSIONS OCTOBER 17

WORK PROGRAM FOR 1996. THE MOST INPORTANT ELEMENT OF WHICH IS A PLANNED SEMINAR OF WASTE DISPOSAL. A RUMBER OF SEMINAS, INCLUDING A ROUND-TABLE DISCUSSION ON CHIVA'S ENVIRONMENTAL AGENDA ZI ARE PLANNED FOR HEXT YEAR

14 U.S. COMMERCE PRINCIPAL DEPUTY ASSISTANT SECRETARY ROBINSON REPLIED THAT THE UNITED STATES IS PLEASED TO SEE THAT CHINA RECOGNIZES THE IMPORTANCE OF THE ENVIRONMENTAL SECTOR. HE COMMENTED THAT THE U.S. SIDE OF THE ENVIRONMENTAL SUBGROUP HAD BEEN VERY INTERESTED IN CHIHA'S ENVIRONMENTAL AGENDA 21 AND RIVER-RELATED PROJECT

MEDICAL PRODUCTS AND TELECONMUNICATIONS

PRESENTATIONS WERE ALSO MADE BY CHINA'S STATE PARMACEUTICAL BUREAU DEPUTY DIRECTOR GENERAL SHI XUAN AND HIMISTRY OF POSTS AND TELECOMMUNICATIONS OFFICE OF .
INTERNATIONAL AFFAIRS DEPUTY DIRECTOR CHAI GUNGLIAM. SHI STATED THAT THERE ARE ALREADY 120 U.S.-CHINA JOINT VENTURES HAVOLYING THE PHARMACEUTICAL INDUSTRY. AND THAT HE POPED COOPERATION IN THIS SECTOR WILL PROGRESS EVEN MORE SMOOTHLY IN THE FUTURE. CHAI STATE THAT THERE IS MUCH COOPERATION BETWEEN THE UNITED STATES AND CHINA ON THE PURCHASE AND SALE OF TELECOMMUNICATIONS EQUIPMENT.

PRIVATE SECTOR PARTICIPATION

- 15. PRICE TO ALLOWING REPRESENTATIVES OF THE U.S. PRIVATE SECTOR INTO THE CONFERENCE ROOM TO ATTEND THE MEETING, THE U.S. AND CHINA CO-CHAIRS SIGNED A JOINT DOCUMENT OUTLINING ACCOMPLISHMENTS AND CRISCIPLES OF THE BOIC MORKING GROUP. J.S. CO-CHAIR VICKERY THEN INTRODUCED THE PRIVATE SECTOR PARTICIPANTS. HE STRESSED THAT IT IS ONLY THROUGH A STRONG AND CLOSE RELATIONSHIP ATTH THE PRIVATE SECTOR THAT THE BOIC MORKING GROUP CAN REALIZE ITS FULL POTENTIAL. U.S. PRIVATE SECTOR REPRESENTATIVES INCLUDED EXECUTIVES FROM MESTINGHOUSE, JOHNSON AND JOHNSON. LEMMA CORPORATION (MASTE MANAGEMENT) EASTMAN CHEMICAL, PHILIPS RETROLUM, SIGNA. ERM ENVIRONMENT, U.S. CHINA TECHNOLOGY EXCHANGE, THE SOFTWARE TUBLISHERS ASSOCIATION, AND THE U.S. ELECTRONICS ASSOCIATION. PRICE TO ALLOWING REPRESENTATIVES OF THE U.S. ASSOCIATION.
- CHINA CO-CHAIR LIU SAID THAT HE WAS GLAD TO MEET WITH SO MANY REPRESENTATIVES OF FAMOUS U.S. CORPORATIONS. HE COMMENTED THAT CHINA IS WILLING TO COOPERATE IN THE FIELD OF TECHNOLOGY AND WANTS TO BUY J.S. EQUIPMENT. HE RESTERATED THAT THERE IS GREAT POTENTIAL FOR J.S. FORMAN TABLE AND COOPERATION, BUT THAT LES HIGH TECHNOLOGY EXPORT CONTROLS HINDER THIS TRADE. HE STATED THAT MANY U.S. FIRMS WANT TO SELL HIGH ECHNOLOGY EQUIPMENT TO CHINA, BUT ARE UNABLE TO GET EXPORT LICENSES FROM THE U.S. GOVERNMENT. LIU CITED AS AN FIRMPLE MICHEAN POWER PLANTS AND STATED THAT CHINA AN EXAMPLE MUCLEAR POWER PLANTS AND STATED THAT CHINA

TA0=95292/0817I

CDSN-MAKC71

JOINT STAFF INFO SERVICE CENTER

WANTED TH THE 1980'S TO BUY FROM WESTINGHOUSE, BUT WAS FORCED INSTEAD TO GO TO THE FRENCH. LIU SAID THAT THE UNITED STATES WEEDS TO HOVE AWAY FROM COCCUI EXPORT COSTROLS AND EXPAND HIGH TECHNOLOGY EXPORTS TO CHINA THIS WILL EXPAND EMPLOYMENT IN THE UNITED STATES AND REDUCE THE U.S. BILATERAL TRADE DEFICIT WITH CHIMA.

BILL ARCHIE, PRESIDENT OF THE U.S. ELECTRONICS MANUFACTURERS ASSOCIATION, AND RICHARD GASKINS OF VESTINGHOUSE EACH MADE BRISE PRESENTATIONS TO THE BOIC PLENARY. ARCHIE STRESSED TO THE CHINESE THAT HOST MEMBERS OF HIS ASSOCIATION ARE SMALL SCALE FIRMS. HE STATED THAT TECHNOLOGICAL INNOVATION AND MARKET OPPORTUNITIES OFTEN COME FROM SMALLER FIRMS. CHIMA CO-CHAIR LIU SAID THAT THE CHIMESE HAVE NEVER TRIED TO LOOK DOWN ON SMALLER FIRMS. HE SAID HE WOULD BE OPEN TO ANY SPECIFIC SUGGESTIONS FROM THE U.S. SIDE -- PERHAPS THROUGH A LETTER FROM U.S. CO-CHAIR VICKERY AFTER THE JCCT PLENARY -- ON HOW THE CHINESE CAN BEST EXPAND CONTACTS WITH SMALL AND NEDIUM ENTERPRISES. 31

UNCLAS SECTION O4 OF O4 BEIJING 044465

DEPT PASS USTR FOR DWOSKIN/KLEIN, SANDS/LEHR

DEPT ALSO PASS NEC FOR BOWAN CUTTER

USDOC FOR ACTING U/S ROTHKOPF

USDOC ALSO FOR 4420/IEP/EAP/CEA/DFOREST

USCCC ALSO FOR 5130/ITA/IA/OP/AKSU

E.O. 12358: N/A TAGS: BBSR, STIC. ECCM. ETRO, BEXP, EINV. CH SUBJECT: JCCT'S BUSINESS DEVELOPMENT AND INDUSTRIAL COOPERATION PLENARY SESSIONS COTOBER 17 .

19. RICHARD GASKINS STATED THAT VESTINGHOUSE HAS HAD FIFTEEN YEARS OF EXPERIENCE IN TECHNOLOGY TRANSFER IN CHIMA. HE COMMENTED, HOWEVER, THAT CHIMA'S GREAT MEED OF INVESTMENT CAPITAL TO FINANCE INFRASTRUCTURE PROJECTS COULD BE MORE EASILY MET IF CHIMA IMPROVED ITS INVESTMENT CLIMATE FOR FOREIGN INVESTORS. LIU THANKED GASKINS FOR HIS FRANK REMARKS. HE STATED THAT CHIMA HAS ALREADY MADE AND 1S MAKENG SUBSTANTIAL INVESTMENTS IN ITS ELECTRIC POWER INDUSTRY, AND CITED THE THREE GORGES PROJECT AS AN EXAMPLE. LIU COMMENTED THAT FOREIGN INVESTMENT IN CHIMA SHOULD BE MUTUALLY BEWEFICIAL TO BOTH SIDES. SHOULD BE MUTUALLY BENEFICIAL TO BOTH SIDES.

THIS CABLE HAS CLEARED BY DEPARTMENT OF COMMERCE ASSISTANT SECRETARY VICKERY PRIOR TO HIS DEPARTURE FROM BEIJING, HALLFORD BY

CDSN#MAKO7 !

TAD=95292/08177 TOR=85292/08147